Parity in excise duty on Reverse Osmosis purifiers

350. SHRIMATI HEMA MALINI: Will the Minister of FINANCE be pleased to state:

(a) whether Government are considering to bring the components and parts used in manufacturing of Reverse Osmosis based water purifiers falling under tariff heading 8421.21 at par with finished purifiers at nil rate of excise duty in order to compete with the imported finished products; and

(b if so, the details thereof and when it is expected to be implemented?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Government is not considering at present any proposal for reduction of excise duty on components and parts of Reverse Osmosis based water purifiers.

As regards competition faced due to imported purifiers, it is stated that there is protection to the domestic products in the form of 10% customs duty which is attracted on imported 'household type filters' and 7.5% on other water purifiers. In addition, on imported products, additional CVD at 4% is also leviable.

Excise duty on Reverse Osmosis based water purifiers

351. SHRIMATI HEMA MALINI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that there is no excise duty imposed on the Reverse Osmosis based water purifiers;

(b) if so, what are the reasons for charging full rate of excise duty on the components and parts being used in water purifiers;

(c) whether it is also a fact that charges of excise duty on components and parts of water purifiers will make finished products costlier than the finished imported products; and

(d) if so, Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Water purification equipment based on 'Reverse Osmosis technology using thin film composite membrane', other than 'household type filters' are exempt from excise duty.

(b) There is no laid down policy of the Government to exempt excise duty on components/parts of an item which does not attract excise duty.

(c) and (d) There are various factors like cost of raw materials, value addition etc which determine the final price of a product. Imported water purifiers will attract 10% customs duty in case of 'household type filters' and 7.5% on other water purifiers, as well as 4% additional CV duty. It is thus not possible to conclude that merely because there is no exemption from excise duty on the parts, the imported filters will be necessarily cheaper than domestic products.